



Community Services and Supports (CSS) – Start-Up Funding and Prudent Reserves

Mental Health Services Act
Conference Call

Wednesday, September 14, 2005

3:00 PM – 4:00 PM

TOLL FREE CALL IN NUMBER: 1-877-366-0714

VERBAL PASSCODE: MHSA

TTY# 1-800-735-2929



Start-Up Funding and Prudent Reserves Conference Call AGENDA

- 3:00 Welcome and Purpose of Call – Carol Hood
- 3:02 Review Agenda and Conference Call Process –
Carol Hood
- 3:05 CSS Start-Up Funding – Mike Geiss
- 3:25 Questions and Answers on CSS Start-Up Funding - DMH Staff
- 3:40 Prudent Reserves – Mike Geiss
- 3:50 Set Aside Funding – Carol Hood
- 3:52 Questions and Answers on Prudent Reserves and Set Aside
Funding – DMH Staff
- 4:00 Adjourn



CSS Start-Up Funding

- Counties and contract providers are eligible for start-up funding
- Three types of start-up funding
 - Extension of Community Program Planning Funding (can be requested anytime)
 - System Improvement Funding (can be requested anytime)
 - Other One-Time Community Services and Supports Funding (submitted with CSS plan)
- Fiscal year 2005-06 CSS planning estimates are the source for start-up funding
 - The majority of CSS funding over a three-year period must be used for Full Service Partnerships (small county exception)



Extension of Community Program Planning Funding

- Each county may request a continuation of planning funding in fiscal year 2005-06 if the county
 - Anticipates using all of their fiscal year 2004-05 initial distribution of planning funds
 - Needs additional funding for planning activities
- Funding is limited to five percent of each county's fiscal year 2005-06 CSS planning estimate
 - Small counties are limited to the greater of five percent of their CSS planning estimate or their initial planning distribution identified in DMH Letter 05-01



Extension of Community Program Planning Funding (continued)

- The Local Planning Budget Worksheet included in DMH Letter 05-01 should be used to request funding (can be requested at any time)
 - If the county intends to continue activities previously approved, no additional information is necessary
 - If the county intends to change their continued planning activities from anything previously approved, a narrative of these activities must be submitted for approval to the Department
- One lump sum amount will be advanced to the county upon approval of their budget request



System Improvement Funding

- The purpose of System Improvement Funding is to provide initial administrative/program support that will enable a speedier implementation
- Allowable activities include:
 - Request for Proposal development, issuance and review
 - Human Resource activities
 - Restoration of AB 2034 grant reductions



System Improvement Funding (continued)

- The Local Planning Budget Worksheet included in DMH Letter 05-01 should be used to request funding
 - Also provide a budget narrative and a one-page description of the primary activities to be funded
- One lump sum amount will be advanced to the county upon approval of their budget request



Other One-Time CSS Funding

- The general purpose of one-time CSS funding is to support necessary one-time costs associated with new and expanded programs
 - These funds are required as new and expanded programs are implemented
- Allowable activities must relate to the county's CSS Plan and include:
 - Capital purchases
 - Vehicles, technology for new employees, enhanced and/or increased space needs, capitalization of rent subsidies
 - Training and education
 - Improving the functionality of information systems used to collect and report client information
 - One-time service costs such as intensive outreach



Other One-Time CSS Funding

(continued)

- Each county should request funding through the CSS Budget Worksheet submitted as part of the CSS Plan
 - Detailed budget information is required as part of the budget narrative, describing how the one-time expenditures relate to services proposed under the CSS Plan
 - Timing of one-time expenditures must be indicated
- These one-time funds will be distributed with the quarterly distributions of CSS planning estimates



Limitations on Start-Up Funding

- Extension of Community Program Planning Funding is limited to five percent of each county's fiscal year 2005-06 CSS planning estimate
 - Small counties are limited to the greater of five percent of their CSS planning estimate or their initial planning distribution identified in DMH Letter 05-01
- CPP, System Improvement, and other one-time CSS funding is limited to up to six months (50 percent) of each county's fiscal year 2005-06 CSS planning estimate
 - A county may request an additional three months (25 percent) of funding but needs to demonstrate in a separate budget narrative:
 - Why six months of funding is insufficient
 - Why an additional three months of funding is necessary for system transformation
 - The prices represent what a prudent purchaser would pay
- Under no circumstance will a county receive more than its full CSS planning estimate



Use of Start-Up Funding

- Fiscal year 2005-06 CSS planning estimates are the source for start-up funding
 - The majority of CSS funding over a three-year period must be used for Full Service Partnerships (small county exception)



Q & A

START-UP FUNDING



Overview of Prudent Reserves

- Department intends to maintain prudent reserve for years in which there is a decline in MHSA revenues
- Historical revenues have been very volatile (page 4 of DMH Letter 05-06)
- The purpose of a prudent reserve is to help ensure adequate funding in all years
- Target prudent reserve is 50 percent of each county's CSS planning estimate



Creation of Prudent Reserves

- There will be county-specific amounts dedicated for each county at the Department
- The prudent reserve will be funded with:
 - Uncommitted county fiscal year 2005-06 CSS planning estimates
 - Uncommitted set aside funding
 - Additional revenues above those currently estimated in the MHSA
- The same approach will be used in fiscal years 2006-07 and 2007-08 to try and meet the target prudent reserve
- If the target is not reached in fiscal year 2007-08, a one-time contribution may be made from any increases in CSS revenues
- The funds will be allocated to each county using the same formula as the CSS planning estimates
 - Provides each county with the same percentage of prudent reserves



Use of Prudent Reserves

- Each county's prudent reserve may only be used in years in which MHSA revenues are less than the preceding year
- The reserves may only be used to fund a revenue shortfall
 - Funding will be automatic – counties won't have to apply
- No more than 67 percent of the total reserves may be used in the first year of funding shortfall
 - In order to try and mitigate the impacts on programs of a longer-term revenue shortfall
- A prudent reserve for revenue shortfalls is different than an operating reserve for unanticipated expenditures



Set Aside Funding

- \$35 million of CSS funding in fiscal year 2005-06 has been set aside to fund:
 - Expansion of enrollment and/or services in counties where there is demonstrated capacity
 - Statewide or regional strategies to meet the needs of low incidence populations with multiple disabilities or other populations with very high needs
 - Other critical needs consistent with the MHSA
 - Prudent reserve



Q & A

*PRUDENT RESERVES
AND SET ASIDE
FUNDING*